STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

ILLINOIS INDEPENDENT TELEPHONE ASSOCIATION) CHIEF COMMI
Petition for initiation of an investigation of	Docket No. 00-0233
the necessity of and the establishment of a) - - 2 2
Universal Service Support Fund in accordance	RK'S A 19
with §13-301(d) of the Public Utilities Act	PH 101
Illinois Commerce Commission On Its Own	
Investigation into the necessity of and, if) Docket No. 00-0335
appropriate, the establishment of a Universal Support Fund pursuant to Section13-301(d)	OFFICIAL FILE
of the Public Utilities Act.) pre c. c. doculet 40.08-0333/03:22
	Trail True Entre No. 12
DIRECT TEST	IMONY Witness
OF	Date (0/20/0) Reporter la C

KATHERINE L. BARNEY

ON BEHALF OF

LEAF RIVER TELEPHONE COMPANY

June 12, 2001

- 1 Q. Please state your name.
- 2 A. My name is Katherine L. Barney.
- 3 Q. By whom are you employed and in what capacity?
- 4 A. I employed as the President of Leaf River Telephone Company in Leaf River, Illinois.
- 5 Leaf River Telephone Company is located in Northern Illinois, predominantly in Ogle
- 6 County, and consists of approximately 100 square miles in one exchange.
- 7 Q. How long have you worked for Leaf River Telephone Company?
- 8 A. Since 1959. My father owned the telephone company and I began working for the
- 9 company then. At that time the company had turn of the century crank phones and all
- 10 multi party lines.
- 11 Q. When did you become president?
- 12 A. In 1980.
- 13 Q. What is the population of the Village of Leaf River?
- 14 A. Approximately 546 people.
- 15 Q. How many residential lines does the company have?
- 16 A. There are 183 urban residential lines located in Leaf River and 329 rural residential
- lines. Leaf River is the only town in our exchange.

1 Q. What are the geographical characteristics of the Leaf River Exchange?

- 2 A. Our exchange sits in hilly country atop hard limestone that is only a few inches from
- 3 the top of the soil. 25 miles away is the city of Rockford, and the Rock River runs
- 4 through Ogle County. It is not a coincidence that Rockford and the Rock River bear
- 5 those names. When we plow for burying cable, we have to break away chunks of the
- 6 limestone, and at times pieces of granite to bury our facilities. This takes more time
- 7 and more expensive equipment.
- 8 Q. Does the village of Leaf River have a bank?
- 9 A. No.
- 10 Q. Does the village of Leaf River have a restaurant?
- 11 A. No.
- 12 Q. Does the village of Leaf River have a tavern?
- 13 A. No.
- 14 Q. Does the village of Leaf River have a police department?
- 15 A. No. We rely entirely on the sheriff for law enforcement.
- 16 Q. Does the village of Leaf River have a grocery store?
- 17 A. No.

1 Q, Where is the closest grocery store located? In either Byron or Mount Morris. Those towns are equally 8 miles away. A call to either 2 A. 3 town is a long distance call. 4 Q. Does the village Leaf River have a doctor? 5 A. No. 6 Q. Does the village of Leaf River have a dentist? 7 A. No. 8 Q. Where is the closest doctor and dentist? 9 A. Again, the closest doctor and the closest dentist are located in either Byron or Mount Morris, which are long distance calls. 10 11 Q. Does the village of Leaf River it have a school? Yes, Leaf River has a school, Kindergarten through Fifth Grade, but Sixth Grade 12 A. 13 through high school is at Forreston, which is 9 miles away. 14 Q. Is it a long distance call from Leaf River to Forreston? 15 A. Yes 16 Q. Does the village of Leaf River have a fire department?

We have a volunteer fire department, not one that is full time.

17

A.

1	Q.	Does the school or fire department have any multiple access liens?					
2	A.	Yes. The school has six (6) business lines and the fire department has seven (7) business lines that we serve.					
4	Q.	Does the village of Leaf River have a gas station?					
5	A.	Yes, we have one gas station.					
6	Q.	Where is the closest major shopping center?					
7 8 9	Α.	The closest major shopping center is in either Rockford or Freeport. Each one is approximately 25 miles from Leaf River and it is a long distance call to both locations.					
10	Q.	Does the village of Leaf River have a post office?					
11 12	A.	Yes. We are fortunate to have a post office. I try to use it as often as I can so that it will not be closed like many other small towns have experienced.					
13 14	Q.	Does the post office have a business line service from Leaf River Telephone Company?					
15	A.	Yes it does. It has one (1) access line.					
16 17	Q.	Should universal service funding be allowed for business customers and residential customers with multi lines?					
18 19	A.	Yes. I see no reason why support should be withheld for business lines, particularly rural fire departments and schools, or multi-line residential lines. I urge the					

Commission to provide universal service support for all access lines.

20

1	Q.	Is there a municipal tax in the Village of Leaf River?
2	A.	Yes, it is 5.15%.
3	Q.	What is Leaf River Telephone Company's present local rate?
4	A.	We have a residential flat rate basic service of \$29.71. This includes \$3.50 for federal
5		SLC. With taxes included it is \$34.21 residential in the city.
6 7	Q.	Have you had any complaints or inquiries from customers about your present rates?
8	A.	Since January 1st this year, over 10 customers came in to talk about their bills and ask
9		what line items on their bill they could eliminate. They wanted to eliminate 911,
10		ITAC and various access charges if they could. They complained that these rates are
11		already hard for them to pay.
12	Q.	How many customers, not access lines, does Leaf River Telephone Company
13		have at the present time?
14	A.	We currently have 553 customers and we had 553 customers as of December 2000.
15	Q.	Has Leaf River Telephone Company conducted a survey to determine how many
16		houses in its exchange, both in Leaf River and in the rural area, have no
17		telephone service from the company?
18	A.	Yes we have conducted a survey. We have checked our local exchange maps, the
19		county maps, and driven in Leaf River and in the rural part of the exchange to
20		determine how many houses have no telephone service.

1 O .	How	many occupied	homes do	not have	phone service	at this time?
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- 2 A. According to our survey, there are 31 houses in town and 45 houses in the rural area
- for a total of 76 homes that do not have phone service from Leaf River Telephone
- Company in the exchange. I personally have driven over the exchange to verify this.
- 5 O. If you have 553 customers and there are 76 more homes that do not have phone
- service, that would reflect a total of 629 homes in the exchange. Is it correct then
- 7 that Leaf River Telephone Company serves approximately 88% of the homes in
- 8 the exchange?
- 9 A. Yes.
- 10 Q. How many disconnect notices does Leaf River Telephone Company send out
- 11 each month?
- 12 A. In December 2000 we sent out 109 notices, January 1, 110 notices, February, 92
- notices, March, 69 notices, April, 72 notices, and May, 86 notices. We have ranged
- between 70 and 100 notices per month for several years.
- 15 Q. What do you conclude from that?
- 16 A. Many of our customers (15-20%) are unable to pay their phone bills at the current rate
- when due. If we had to raise our rates much higher, we would lose a lot of customers.
- 18 Q. Is the Leaf River Exchange served by any cellular companies?
- 19 A. Yes, there are several cellular companies that provide service. Midwest Digital PCS
- and Verizon Wireless provide cellular service in Leaf River.

1	Q.	Please identify Leaf River Telephone Company Exhibit 2, Schedule 1.
2	A.	These are brochures of the coverage area and rates as advertised by Midwest Digital
3		and Verizon Wireless.
4	Q.	Do you understand the Staff proposal for universal service funding for Leaf
5		River Telephone Company?
6	A.	As I understand it, the Staff recommends that \$263,000 in universal service support
7		be phased out to nothing over the next 5 years and AT&T recommends no funding at
8		all for Leaf River Telephone Company.
9	Q.	What impact would no funding or the phase out funding have on Leaf River
10		Telephone Company?
11	A.	It would be disastrous. We provide good quality service to our customers but if we
12		lose universal service funding we will have to raise local rates to meet our needed
13		revenues and our local rates already exceed the Staff's recommended affordable rate.
14		Our customers are already having trouble paying at the current level.
15	Q.	If Leaf River Telephone Company raised its local rate annually over 5 years in
16		the same amount of U.S. support that the Staff proposes to phase out each year,
17		the local residential rate would climb to \$65.51 per month. If that occurred,
18		what would happen to Leaf River Telephone Company?
19	A.	At some point customers will switch to one of the cellular packages as a cheaper
20		alternative. Such a drastic rate increase would ruin the company. There is no way
21		customers can pay to cover for the amount of funding needed by the company. I urge
22		the Commission to provide funding for Leaf River Telephone Company.

- 1 Q. Does this conclude your testimony?
- 2 A. Yes.



SENDA MESSAGE STORE HOME TO A PED HE PAGE

Small Office / Home Office

Calling Plans

Browse & Buy

- Calling Plans
- Phones
- Prepaid Service
- Accessories
- **More Services**
- **Customer Help Center**
- <u>FAQs</u>
- Glossary

Business Services

- Small Office/Home_Office
- Midsize to Large Businesses



- About Us
- Employment

Calling Plans

As a small business, your wireless needs are different than a larger company - and so is your budget. Our national and regional coverage plans are designed to fit the needs of individual customers and businesses.

Calling plans can be conveniently purchased through any retail store. Every retail store has wireless specialists on staff to help identify the products, services and calling plans that are right for your company's wireless communication needs. To find the retail store nearest you, visit our Store Finder section.

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National Calling Plans

Span AmericaSM

Regional Calling Plans

Individual Calling Plans ShareTalkSM(Package Minutes Sharing)

Span AmericaSM National Calling Plans

SpanAmerica offers nationwide calling without extra long-distance and roaming charges. Advantages of SpanAmerica:

- Manage and reduce wireless costs locally and around the country.
- Accommodate frequent travelers who need to stay in touch while on the road.
- Increase productivity by having information available wherever your employees are.
- Provide accessibility to your employees.
- Different per minute and monthly rates enable you to have the calling plan that fits your business needs.

SpanAmerica plans include:

- Call waiting
- Caller ID
- Call forwarding
- Three-way conferencing
- Detailed billing

Small Offi **Home Offi**

Products and !

Calling Plans

Browse &

Purchase callir phones and ac online.



Store Finc

You can speak wireless speci: what works fo business by vi store near you



Need Help

For instruction troubleshootin Customer He



Contact U

Let us know he help. Call toll-Call 1-888-9



Doc. Nos. 00-0233 & 0335 (Cons)

Leaf River Telephone Company 1y Exhibit 2, Sch. 1

- U.S. Cellular Message Center®
- U.S. Cellular Message Center Alert ®

BACKTE TOP

Individual Calling Plans

Visit our **Calling Plans** section to view plans available. Plans include a variety of call management tools to help you make your business a success, including voice mail, call waiting/forwarding, three-way calling and more. There is no extra fee for many of these features.

O

BACK TE TOP

ShareTalkSM for Additional Lines and Shared Minutes

ShareTalk lets you add additional lines to your current calling plan without going to the trouble of setting up new accounts separately.

Each employee on this plan pays the same per minute rate and everyone shares the package minutes allowance. This is a great option if you find yourself with leftover minutes each month or if you need just a few more lines.

BACK TO TUP

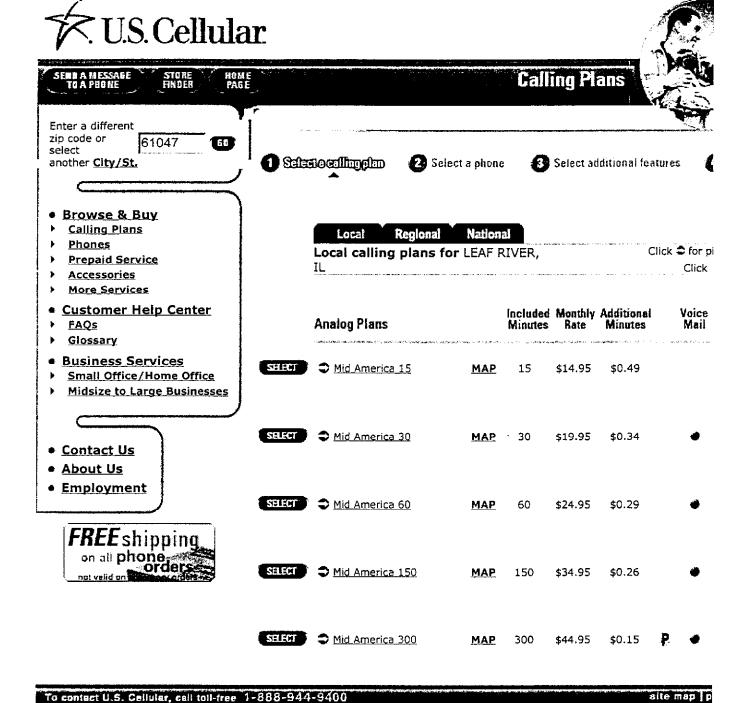
To contest U.S. Cellular, call toll-free 1-888-944-9400

aite map | p

Page 2 of 2

Copyright © 1999-2001 U.S. Cellular. All rights reserved.

Doc. Nos. 00-0233 & 0335 (Cons) Leaf River Telephone Company Exhibit 2, Sch. 1



Copyright © 1999-2001 U.S. Cellular. All rights reserved.

Doc. Nos. 00-0233 & 0335 (Cons)

Leaf River Telephone Company Exhibit 2, Sch. 1

Mid America 30

\$19.95 per month

30 included minutes

An entry-level plan designed to provide safety and security.

Other Plan Details

- \$20.00 Activation fee
- \$200.00 Cancellation fee
- \$0.34 each additional minute
- \$0.34 each additional off peak minute

Included Features

- Detailed Billing
- · Call Waiting
- Message Center Alert
- Conference calling
- Message Center(Voice Mail)
- Call Forwarding
- Regional Toll-Free Calling.

PLEASE NOTE: Prospective customers must have a billing address within U.S. Cellular's licensed markets to be eligible for service. Service agreement and U.S. Cellular approved dual band IRDB capable digital phone required for some rate plans. Subject to credit approval; additional deposit may be required. Rates do not include applicable taxes or state/federal universal service charges. Due to delayed reporting by other carriers, your wireless usage (including home/ extended home minutes), may be billed in month(s) after your actual usage. The minutes used, and associated charges, may be applied to your plan minutes in the month that the usage appears on the bill rather than the month the calls were actually placed. Each partial minute of airtime is rounded up and billed as a full minute, including promotional and non-promotional minutes. Airtime charges apply from the time you press SEND to the time you press END on completed calls. You may be charged for calls which are not completed but ring longer than 59 seconds. Long distance and roaming usage count towards airtime minutes. Applicable to Span America and regional rate plans: U.S. Cellular reserves the right to terminate your service if less than 50% of your overall minutes in each of three consecutive billing cycles are used in U.S. Cellular's licensed markets. Local maps are available upon request for a detailed outline of our licensed areas.

PRICE MidAmerica Corporate

SERVICE PRICE PLANS

MINIMUM PER NUMBER NUMB
CCC USC TONAL TONIA
S C C Mersege C
CALL CALL COLLING COLL
777
CALL CALLED CALLED

SERVICE ACTIVATION/

- All lines must be directly billed to the business on one account.
 When outside of your home area, roaming and long distance charges may apply.
- Charges from some areas may appear on subsequent bills.
- Airtime rates apply while using features.

- Incoming calls will only be subject to call delivery charges while travelling outside the 14 state area.

• Toll free calling from your Home Rate Area to anywhere in the 14 state region (see map).

Cellular Safety Center

U.S. Cellular Roadside Assistance

Underwritten By: A CIGNA Property & Casualty Company, Philadelphia, PA. Signal Dial Direct Plus CommonSense Cellular Insurance*

\$2.95/mo. \$2.99/mo.

Certain restrictions apply. Rates subject to change without notice. Rates do not include applicable taxes, Pederal Universal Service charge, or the Transitional Telecom fee.

Leaf River Telephone Company Exhibit 2, Sch. 1

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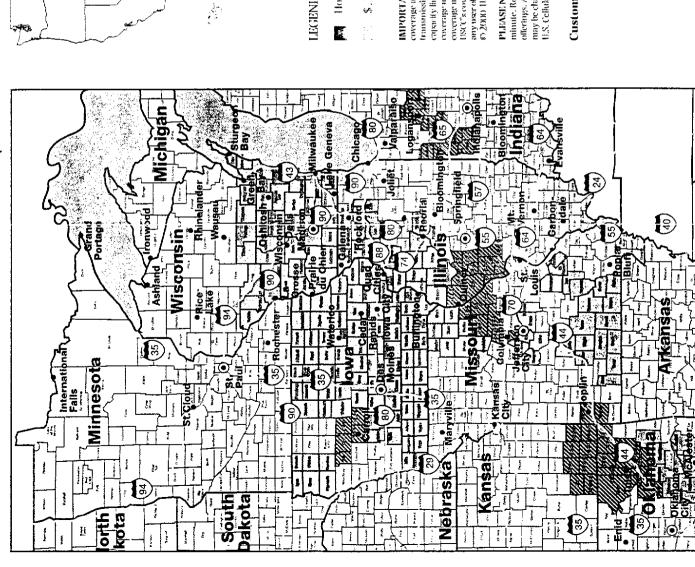
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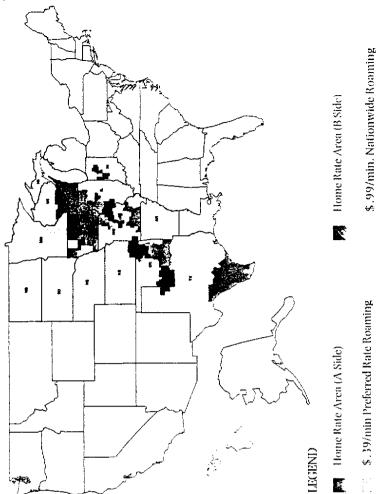
Area Plans Corporate

Cellular Service Coverage Areas and Prices



MidAmerica Corporate Area Plans





conversige may vary depending upon the greekengt for the proper quention of the Service. In addition, capacity limitations or equalpunent modifications and or repairs necessary for the proper operation of the Service. In addition, coverage may vary depending upon the greekengt in the service of the planne which you use. Where applicable, digital coverage may vary depending upon the greekengt in the defeated of the planne which you use. Where applicable, digital coverage may vary from analog coverage and will be available only to phones compatible with the digital technology employed to ISC service.

O 2000 U.S. Celtular Corporation

PLEAST NOTE: U.S. Celtular bills in full minute increments. Each partial minute of airtime is rounded up and billed as a fufficient minute. Rounding applies to all airtime mirates including, but not limited to, promotional and non-promotional minutes and offerings. Air time charges apply from the time you press Sixil) to the time you press Sixil) on completed calls. In addition, fail in the home rate area.

Customer Service • (888) 944-9400 or 611 from your cellular phone (free call)

Customer Service • (888) 944-9400 or 611 from your cellular phone (free call) IMPORTANT NOTICE: Service is available to your mobile telephone only when it is within the operating range of USCC's coverage area. As outlined in this paragraph and USCC's service agreement, service may be interrupted or limited due to transmission limitations caused by atmospheric or topographical conditions, governmental regulations or orders. System

Leaf River Telephone Company Exhibit 2, Sch. 1



www.uscellular.com

Midwest Digital PCS Corporate

SERVICE PRICE PLANS

COMPETITIVE EDGE DIGITAL CORPORATE 1 DIGITAL CORPORATE 2 DIGITAL CORPORATE 3 **≯**\$15.50 MONTHLY RATE \$11.75 MINIMUM Number S MINUTE RATE Nationwide Foll Free Calling

= included on Service Price Plans at no additional charge

\$40.00 per line

- All lines must be directly billed to the business on one account.
- Digital rates and service can only be provided to customers who have digital phones that are compatible with U.S. Cellular's digital service.
- When outside of your home rate area, roaming charges will apply (see map). Charges from some areas may appear on subsequent bills.
- There will be no airtime charge for land-line USCC Message Center Alert® retrieval
- Airtime rates apply while using features.

- The first incoming minute is free within the home rate area
- There will be no long distance or toll charges anywhere in the United States
- Nationwide call delivery is included.

Messaging Suitesm

Combination Package Live Operator Messaging Information Services (2 services) Internet/Group/E-Mail Messaging (Includes all three Messaging Suite features listed above)

Cellular Safety Center

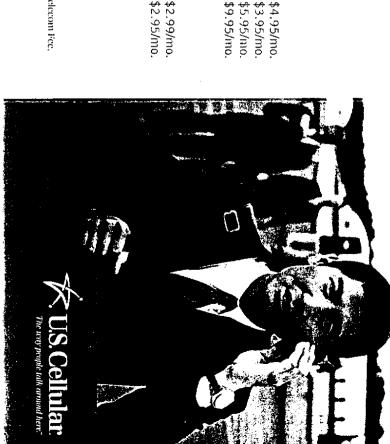
Leaf River Telephone Company Exhibit 2, Sch. 1

Underwritten By: A CIGNA Property & Casualty Company, Philadelphia, P.A. Signal Dial Direct® Plus CommonSense Cellular Insurance U.S. Cellular Roadside Assistance

> \$2.99/mo. \$2.95/mo

Digital PCS Area Plans

Cellular Service Coverage Areas and Prices

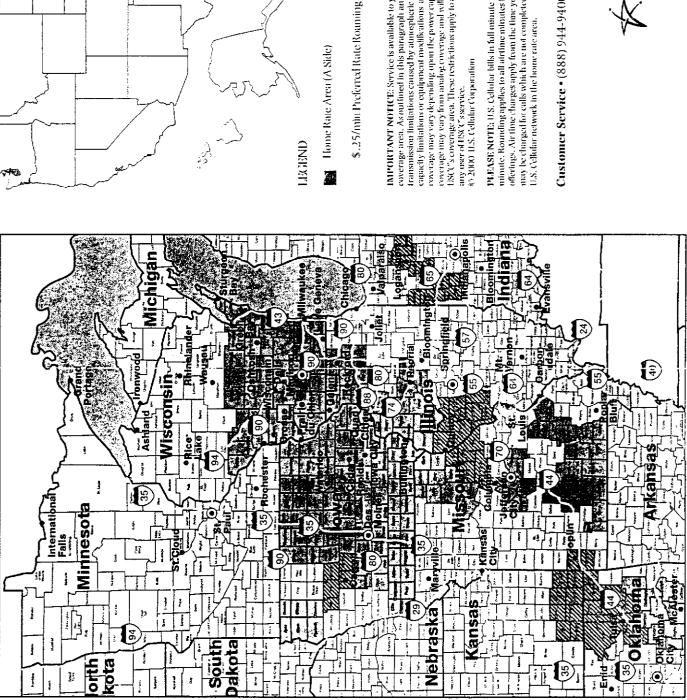


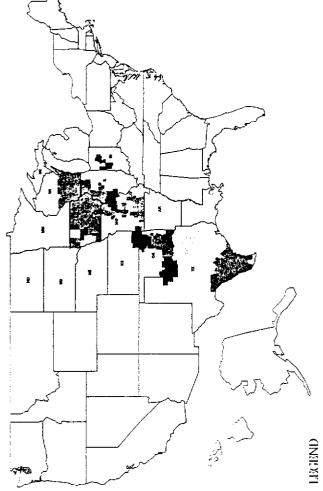
Certain restrictions apply. Rates subject to change without notice. Rates do not include applicable taxes, Federal Universal Service Charge or the Transitional Telecom Fee.

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afety-

Midwest Digital PCS Corporate Area Plans





Home Rate Area (A Side)

Home Rate Area (B Side)

\$.49/min, Nationwide Roaming

INITORTANT NOTICE: Service is available to your mebile telephone only when It is within the operating range of HSCC's capacity finitiations or equipment modifications and or repairs necessary for the proper exercison of the Sevice. In addition, crowcrage may vary depending upon the power capability and battery of the phone which you use. Where applicable, digital crowcrage may vary from analog coverage and will be available only to phones compatible with the digital technology employed USCC's coverage area. These restrictions apply to all types of calls, including 941 and other emergency calls and are applicabled. coverage area. As outlined in this paragraph and USCU's service agreement, service may be interrupted of limited due to framsmission limitations caused by atmosphere or topographical conditions, governmental regulations or orders, system capacity limitations or equipment modifications and/or repairs necessary for the proper operation of the Service. In addition, is any user of HSCC's service. PHEASE NOTH; U.S. Cellular bills in full minute increments. Each partial minute of airtime is rounded up and billed as a full minutes adminutes adminutes and increments and roon-promotional minutes adminutes adminutes and servings. Air time changes applies to all airtime minutes both on the time you press fiND on completed calls. In addition, yet any be changed for calls which are not completed but ring langer than \$9 seconds. Home rutes available only while only may be changed for calls which are not completed but ring langer than \$9 seconds. Home rutes available only while only the U.S. Cellular network in the home rate area.

Customer Service • (888) 944-9400 or 611 from your cellular phone (free call) inic Campany Inhibit, Sch. 1

Lear River Telephone Company



The way people talk around here."

www.uscellular.com

Midwest Digital PCS

Service Plans	Monthly Rate	Minutes Included	Additional Per Minute Rate	Į į	Sold Sold Sold Sold Sold Sold Sold Sold		Notice of S	September 1	Solling Sollin	C winner of the Contract of th	Sum of the state o
COMPETITIVE EDG	Ε										
Digital Pak 1200	~ \$100	1,200	.10	1	~	~	~	1	~	~	V
Digital Pak 850	\$75	850	.17	1	~	V	1	1	1	1	V
Digital Pak 500	\$50	500	.21	~	V	V	~	~	~	~	~
Digital Pak 300	\$35	300	.23								
Digital Pak 100	\$25	100	.25								
				•	•	•	•	•	•	•	•

^{✓=} included on Service Price Plans at no additional charge.

Service Activation (one time charge)

\$25.00 per line

- The first incoming minute free within the home rate area.
- Digital rates and service can only be provided to customers who have digital phones that are compatible with U.S. Cellular's digital service.
- There will be no airtime charge for land-line USCC Message Center Alert* retrieval.
- · Airtime rates apply while using features.
- When outside of your home rate area, roaming charges will apply (see map). Charges from some areas may appear on subsequent bills.

>ShareTalk^{s™} Plus

\$15.00/mo. per line

Add up to 3 additional lines on any Digital Pak, share your package minutes, plus receive 100 bonus nights and weekend minutes per additional line every month.

Add-A-State

\$5.00/state/month/line

Expand your home rate area to include any state in the 14-state preferred area. Not available with optional Nights and Weekend packages. Approved dual band IRDB capable digital phone required.

Optional Features

	150 minute Nights and Weekends Package	\$3.00/mo.
7	500 minute Nights and Weekends Package	\$5.00/mo.
	Nights and Weekend minutes can be used Monday - Friday from 7:01 p.m. to 5:59 a.m. and all day Sat	urday
	and Sunday, Limit one per Digital Pak plan. Not available with Add-A-State.	•

2-Way Mobile Messaging and 1-Way Mobile Messaging (Internet/Email Messaging) \$4.95/mo.

2-Way Mobile Messaging only

\$2.95/mo.

Cellular Safety Center

U.S. Cellular Roadside Assistance

\$2.99/mo.

Signal Dial Direct[®] Plus CommonSense Cellular Insurance**

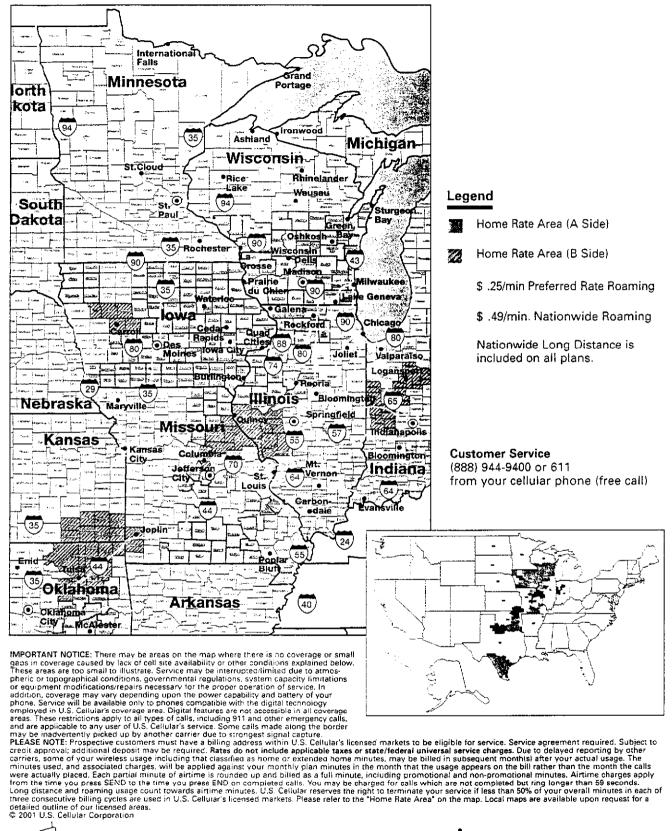
\$2.95/mo.

**Underwritten By: A CIGNA Property & Casualty Company, Philadelphia, PA.

Certain restrictions apply. Rates subject to change without notice. Subject to credit approval; additional deposit may be required, Rates do not include applicable taxes, network surcharge, roamer administration fees, state/federal universal service charges or the Transitional Telecom fee. Airtime is billed in one minute increments. Minimum 18 month service agreement required.



. Midwest Digital PCS







STATE OF ILLINOIS ILLINOIS COMMERCE COMMISSION

ILLINOIS INDEPENDENT TELEPHONE ASSOCIATION	
Petition for initiation of an investigation of	
the necessity of and the establishment of a	
Universal Service Support Fund in accordance]	00-0233
with §13-301(d) of the Public Utilities Act	
	(Consolidated)
ILLINOIS COMMERCE COMMISSION ON ITS OWN MOTION	
Investigation into the necessity of and, if	00-0335
appropriate, the establishment of a Universal	
Support Fund pursuant to Section13-301(d)	
of the Public Utilities Act.	
STATE OF ILLINOIS)————————————————————————————————————	
COUNTY OF OGLE)	

AFFIDAVIT

- I, Katherine L. Barney, upon oath, depose and state that if called to testify as a witness I can competently testify to the following facts of which I have personal knowledge.
- I. In the above proceeding Leaf River Exhibit 2 contains my testimony and if I appeared at the hearing in the above-entitled matter to testify under oath, my answers would be the same.
- 2. Attached to Loaf River Exhibit 2 is Schedule 1, brochures of cellular providers in my area. I would sponsor Schedule 1 as part of my testimony.

Further affiant sayeth not.

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

Katherine L. Barney

29 MA81:11 1005 81 ,nul

FAX NO. : 2175226047